

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:1644
ANSWERED ON:11.03.2008
RURAL ENTERPRISES
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether about 77 per cent of rural enterprises are unable to attract capital and technology due to the inherent constraints of being small family based enterprises; and

(b) if so, the steps taken to provide an environment which is conducive to the growth of the non-farm sector?

Answer

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a)&(b): The Government (in the Ministry of Micro, Small and Medium Enterprises) has been implementing inter alia the Rural Employment Generation Programme (REGP) through the Khadi and Village Industries Commission (KVIC) for assisting the entrepreneurs in establishing village industry (VI) units, in rural areas and small towns with population upto 20,000, by availing of margin money assistance from KVIC and loans from public sector scheduled commercial banks, selected regional rural banks, cooperative banks, etc., for projects up to a maximum cost of Rs. 25 lakh. Under REGP, on an average, 65 per cent of the finance is mobilized by the entrepreneurs from banks as loans. As per a sample study of projects assisted under REGP since its inception from 1 April 1995 and till the end of March 2001, more than 87 per cent of the entrepreneurs received finance from banks, within 3 months of sanctioning. The study also revealed that more than 56 per cent of projects set up are in small size with investment of up to Rs. 1 lakh. The credit flow to rural industries under the purview of KVIC has increased considerably after launching of REGP. The total availability of bank loans to the village industries since inception of REGP from 01.04.1995 and upto 31.3.2007 was around Rs. 5190 crore. The above position shows that entrepreneurs under the purview of KVIC are not facing many constraints after launching of REGP.